

Message Text

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ACTION STR-08

INFO OCT-01 EA-11 IO-14 ISO-00 EUR-25 AGR-20 CEA-02

CIAE-00 COME-00 DODE-00 EB-11 FRB-02 H-03 INR-10

INT-08 L-03 LAB-06 NSAE-00 NSC-07 PA-04 RSC-01 AID-20

CIEP-02 SS-20 TAR-02 TRSE-00 USIA-15 PRS-01 SP-03

FEA-02 OMB-01 SWF-02 DRC-01 /205 W

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R 020920Z APR 74

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 1006

INFO USMISSION GENEVA

C O N F I D E N T I A L TOKYO 1397

E.O. 11652 XGDSI, DECLAS 12/31/84

TAGS: ETRD, EIND

SUBJ: ESCAPE CLAUSE ACTION ON BALL BEARINGS

REF: (A) STATE 062722 (B) STATE 062483

SUMMARY: EMBASSY ADVISED GOJ OF USG DECISION RE BEARING IMPORTS MARCH 29. MITI EXPRESSED SURPRISE AND CONCERN, BUT FELT ADVERSE EFFECT ON USG-GOJ RELATIONSHIP WOULD BE MINIMAL. END SUMMARY.

1. IN ACCORDANCE WITH REF A, ECON/COM MIN ADVISED MITI OFFICIALS WADA (DIRECTOR-GENERAL, INTERNATIONAL TRADE POLICY BUREAU), AMAYA (DIRECTOR-GENERAL, INTERNATIONAL ECONOMIC AFFAIRS DEPARTMENT) AND IISHI (DIRECTOR AMERICAS-OCENIA DIVISION, INTERNATIONAL TRADE POLICY BUREAU) OF PRESIDENT'S DECISION RE BALL BRARING IMPORTS.

2. COM/ATT FOLLOWED UP BY MEETING SAME DAY WITH ISHII AND TWO OTHER MITI OFFICIALS. MITI'S INITIAL INFORMAL REACTION GIVEN BY ISHII AS FOLLOWS:
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(A) USG ACTION APPEARS TO COVER ONLY THREE OF SIX BEARING CATEGORIES, BUT IN FACT, COVERS NEARLY ALL OF JAPAN'S BEARING EXPORTS TO THE U.S. MITI CALCULATES THAT 97 PERCENT OF JAPAN'S EXPORTS TO US ARE INCLUDED IN USG ACTION, WITH US DOLS 20 MILLION IN TSUSA 680.3508, DOLS 31 MILLION IN TSUSA 680.3512, AND DOLS 18 MILLION IN TSUSA -80,3516. NOTE: MITI UNABLE LOCATE TSUSA 680.3517, WHICH IT BELEIVES IS INCLUDED IN TSUSA 680.3516.

B) MITI CONSIDERS USG ACTION RAISING TARIFF BEYOND RECOMMENDATION OF TARIFF COMMISSION MAJORITY QTE HIGHLY IRREGULAR UNQTE, PARTICULARLY IN VIEW OF PRESIDENT'S STUDY WHICH SHOWED US BEARING INDUSTRY IS QTE VERY PROSPEROUS UNQTE. CONCERNED THAT THIS BE VIEWED AS QTE PRECEDENT FOR PRESIDENTIAL RESPONSES TO OTHER INDUSTRY ACTIONS SUCH AS AUTO INDUSTRY UNQTE.

(C) MITI PUZZLED AS TO WHY USG SET CEILING PRICE OF 60 CENTS FOR CATEGORY A, 75 CENTS FOR CATEGORY B WHEN USG OFFICIALS HAD TOLD MITI AVERAGE PRICE BOTH CATEGORIES IN US IS 43 CENTS. ALSO NOTED LARGE GAP BETWEEN PRESENT AVERAGE PRICE OF 43 CENTS AND TWO NEW CEILING PRICES.

3. DRAWING ON INFO REF A, COM/ATT EXPLAINED USG DECISION, NOTING THAT DOS 52 MILLION OR ABOUT 80 PERCENT OF JAPAN'S EXPORTS AFFECTED. POINTED OUT THAT 80 PERCENT OF THREE CATEGORIES SHOULD BE MORE PALATABLE THAN 100 PERCENT OF SIX CATEGORIES. OUTLINED DOMESTIC PRESSURES, AND EMPHASIZED TEMPORARY NATURE OF ACTION.

4. IN A CONFIDENTIAL PERSONAL ASIDE FOLLOWING MEETING, ISHII TOLD COM/ATT THAT HE UNDERSTANDS USG ACTION, WHICH APPEARS MORE SERIOUS THAN IS ACTUALLY THE CASE. BELEIVES FORMULA USED IN USG ACTION WILL HAVE BASICALLY SAME EFFECT AS TARIFF COMMISSION RECOMMENDATIONS. CANNOT PREDICT DOMESTIC INDUSTRY REACTION, ACIDITY OF DIET QUESTIONING, OR REQUIRED GOJ QTE RETALIATION UNQTE AT THIS TIME, BUT RELATIVELY OPTIMISTIC.

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5. ON MARCH 29, ECON/COUNS ALSO CALLED ON SAITO, HEADE, SECOND NORTH AMERICA DIVISION, AMERICAN AFFAIRS BUREAU, FONOFF TO RELATE INFO CONTAINED REF A. SHILE SAITO NOT KNOWLEDGEABLE RE DETAILS OF BALL BEARINGS SITUATION, HE EXPRESSED UNHPPINESS THAT USG HAD DEEMED IT NECESSARY TO RAISE DUTIES DESPITE INFORMATION JAPAN HAD SUPPLIED WHICH, HE ASSERTED, HAD ESTABLISHED THAT ESCAPE CLAUSE

NOT NECESSARY.
SHOESMITH

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NNN

*** Current Handling Restrictions *** n/a

*** Current Classification *** CONFIDENTIAL

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